

INSIDER'S EDGE: Issue 144: The Return of Household Construction

We've been focusing on household construction recently, including scenarios of grandchildren living with a grandparent or married children living with a parent ([Issue 141](#)), and parents with a new baby ([Issue 143](#)). But readers wanted to know about two more scenarios: non-custodial parents and pregnancy of an eligible child.



On the move? Scroll down for the scenarios!

A Quick Refresher: Relationship-Based Rules

For purposes of determining eligibility for insurance affordability programs, including Medicaid, in most cases the household includes the people who file federal income taxes together for the taxable year in which the eligibility determination is made.

Tax filer household rules:

- Tax filer is head of household and usually the primary applicant;
- Tax filer's spouse (must file jointly for Advanced Premium Tax Credit/Cost Sharing Reduction (APTC/CSR));
- Anyone else the tax filer will claim as a tax dependent (i.e. claim a personal exemption deduction for) on that year's tax return.
 - For example, the taxpayer's older children will count toward the family size if the taxpayer claims them as a dependent even if they don't live at home.

Under the tax dependent household rules, the following individuals must be included in the household:

- Tax dependent;
- Tax filer who is claiming the individual as a tax dependent (this could be two people if filing jointly);
- Tax filer's spouse, if living with the tax filer;
- Any other tax dependents the taxpayer(s) claim;
- The tax dependent's spouse if they live together.

There are a number of situations in which the household rules used to determine Medicaid eligibility are different from the general tax-based household rules. When these exceptions arise, the Medicaid household for the applicant is constructed based on the relationships between family members who live together and is not based on tax filing relationships.

So what exceptions trigger use of the relationship-based rules for Medicaid eligibility determinations?

Application of Relationship-Based Rules
1) Applicant is not planning to file taxes (and is not claimed as a dependent).
2) Individual is claimed as a dependent by person who is not a parent or stepparent, for example, a grandparent or other caretaker relative.
3) Child, under age 21, lives with both parents, but only one parent will claim the child as a tax dependent.
4) Child, under age 21, lives with a custodial parent but will be claimed as a tax dependent by a noncustodial parent.

If one of the exceptions above is triggered, how is the household constructed using the relationship-based rules?

For adults, a household must consist of:

- Adult applying for coverage;
- Adult's married spouse, if living with the applicant; and
- Adult's natural, adopted and stepchildren, or any child for whom they act as a caretaker, up to age 21, if living with the adult.

For children (under age 21), a household must consist of:

- A child applying for coverage.
- Any of the child's parents or stepparents (or adoptive parents), if living with the child.
- Any of the child's siblings or stepsiblings (or adoptive siblings) under age 21 and living with the child.
- If the child is married, the spouse (if the spouse is living with the child); and if the child has their own children, the children and step-children (if living with the married child).

Scenario 1: Non-Custodial Parents



Simon and Kaylee are separated and have a 2 year old child, Zoe, who spends equal time with both her parents (50/50). Simon expects to claim Zoe as a tax dependent. Who is counted in Zoe's household?

Explanation

Current MAGI regulations do not explicitly address scenarios where the child spends an equal number of nights with both parents. However, in Maryland, the rule of thumb is that the parent that claims the child as a tax dependent is included in the child's household.

- Simon's household size is 2 (Simon and Zoe).
- Zoe's household size is 2 (Simon and Zoe).

Now, what if Kaylee would like to apply for Medicaid? She should submit her own application for Medicaid with a household size of 1, because she is not applying for benefits for Zoe.

Scenario 2: Pregnancy of Eligible Child

Bridget's 18 year old daughter, Yolanda, is unmarried and pregnant with her first child. Both Bridget and Yolanda are enrolled in Medicaid and live in the same house. Yolanda's newborn son will continue to live with his mother and grandmother. Bridget will claim Yolanda and her grandson as tax dependents. What does this household look like after the baby is born?

Explanation

Bridget is the applicant, and her household size will increase to 3 once her grandson is born. There is no need to apply relationship-based rules here because Bridget plans to claim both Yolanda and her grandson as tax dependents. Yolanda's son will be considered a "deemed newborn" (newborn born to a Medicaid-eligible mother), and Bridget will have to go through the usual steps of adding him to her application on the Maryland Health Connection or with the help of a caseworker.

After Yolanda gives birth:

- Bridget's household size is 3 (Bridget, Yolanda, grandson).
- Yolanda's household size is 3 (Bridget, Yolanda, son).
- Newborn baby is deemed eligible, and is automatically eligible for Medicaid for one year.

I know what you're thinking... what about before the baby is born?

Before Yolanda gives birth:

- Bridget's household size is 2 (Bridget, Yolanda).
- Yolanda's household size is 3 (Bridget, Yolanda, unborn baby).

That's all for now on household construction!

Questions? Send an email to dhmh.medicaidmarge@maryland.gov.